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**LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

**General Purpose Financial Statements  
and Independent Auditor's Reports**

**As of and for the Years Ended June 30, 1999 and 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 06 1999

**LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
11930 PERKINS ROAD, SUITE B  
BATON ROUGE, LOUISIANA 70810  
(225) 763-5480**

**GOVERNING BOARD**

**Robin Morehouse, L-AUD - Chairperson  
Glenn M. Waguespack, L-AUD - Vice Chairperson  
Theresa H. Rodgers, L-SLP - Secretary/Treasurer  
Annie Mouton, L-SLP  
Steve Harris, L-SLP, L-AUD  
Hope D. Hebert - Public Member  
Lawrence Braud, M.D. - Medical Advisor**

**Suzanne L. Pevey, Administrator**

**Ayn Stehr, Legal Counsel**

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# George F. Delaune

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OFFICERS ASSOCIATION

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board Members of  
Louisiana Board of Examiners for  
Speech Language Pathology and Audiology  
Department of Health and Hospitals  
State of Louisiana  
Baton Rouge, Louisiana

I have audited the accompanying general purpose financial statements of the **LOUISIANA BOARD OF EXAMINERS FOR SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY**, a component unit of the State of Louisiana, as of and for the years ended June 30, 1999 and 1998, as listed in the Table of Contents. These financial statements are the responsibility of management of the Louisiana Board of Examiners for Speech-Language Pathology and Audiology. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Board of Examiners for Speech-Language Pathology and Audiology as of June 30, 1999 and 1998, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 29, 1999, on my consideration of the Louisiana Board of Examiners for Speech-Language Pathology and Audiology's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts.

*George F. Delaune, CPA*

September 29, 1999

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH-LANGUAGE PATHOLOGY AND AUDIOLOGY  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP  
COMBINED BALANCE SHEET  
JUNE 30, 1999

|  | Governmental<br>Fund Type | Account<br>Group        | Totals               |
|--|---------------------------|-------------------------|----------------------|
|  | General                   | General<br>Fixed Assets | (Memorandum<br>Only) |
| <b>ASSETS</b>                                |                           |                         |                      |
| Cash and cash equivalents                    | \$ 95,784                 |                         | \$ 95,784            |
| Investments                                  | 40,000                    |                         | 40,000               |
| Receivables - licenses                       | 52,076                    |                         | 52,076               |
| Fixed assets                                 |                           | \$ 19,743               | 19,743               |
| <b>TOTAL ASSETS</b>                          | <b>\$ 187,860</b>         | <b>\$ 19,743</b>        | <b>\$ 207,603</b>    |
| <b>LIABILITIES AND FUND EQUITY</b>           |                           |                         |                      |
| <i>Liabilities:</i>                          |                           |                         |                      |
| Accounts payable                             | \$ 403                    |                         | \$ 403               |
| Total Liabilities                            | 403                       |                         | 403                  |
| <i>Fund Equity:</i>                          |                           |                         |                      |
| Investment in general fixed assets           |                           | 19,743                  | 19,743               |
| Fund balances -<br>Unreserved - undesignated | 187,457                   |                         | 187,457              |
| Total Fund Equity                            | 187,457                   | 19,743                  | 207,200              |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>     | <b>\$ 187,860</b>         | <b>\$ 19,743</b>        | <b>\$ 207,603</b>    |

The accompanying notes are an integral part of this statement.

**LOUISIANA BOARD OF EXAMINERS FOR  
 SPEECH-LANGUAGE PATHOLOGY AND AUDIOLOGY  
 GOVERNMENTAL FUND TYPE - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 1999**

|  | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------|-------------------|--|
| <i>Revenues:</i>                         |                   |                   |  |
| Licenses, permits and fees               | \$ 156,800        | \$ 163,221        | \$ 6,421                               |
| Interest earnings                        | 1,500             | 2,409             | 909                                    |
| Other revenues                           | 7,500             | 16,835            | 9,335                                  |
| Total Revenues                           | 165,800           | 182,465           | 16,665                                 |
| <i>Expenditures:</i>                     |                   |                   |  |
| Current -                                |                   |                   |  |
| Salaries and benefits                    | 50,415            | 67,473            | (17,058)                               |
| Travel                                   | 38,000            | 38,410            | (410)                                  |
| Operating services                       | 41,730            | 44,617            | (2,887)                                |
| Supplies                                 | 3,000             | 5,845             | (2,845)                                |
| Professional services                    | 26,250            | 20,956            | 5,294                                  |
| Capital outlays                          | 3,000             | 10,764            | (7,764)                                |
| Total Expenditures                       | 162,395           | 188,065           | (25,670)                               |
| <i>Excess of Revenues (Expenditures)</i> | 3,405             | (5,600)           | (9,005)                                |
| Fund Balance - July 1, 1998              | 193,057           | 193,057           |  |
| <b>FUND BALANCE - June 30, 1999</b>      | <b>\$ 196,462</b> | <b>\$ 187,457</b> | <b>\$ (9,005)</b>                      |

The accompanying notes are an integral part of this statement.

LOUISIANA BOARD OF EXAMINERS FOR  
 SPEECH-LANGUAGE PATHOLOGY AND AUDIOLOGY  
 GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP  
 COMBINED BALANCE SHEET  
 JUNE 30, 1998

|  | Governmental<br>Fund Type | Account<br>Group        | Totals               |
|--|---------------------------|-------------------------|----------------------|
|  | General                   | General<br>Fixed Assets | (Memorandum<br>Only) |
| <b>ASSETS</b>                                |                           |                         |                      |
| Cash and cash equivalents                    | \$ 138,200                |                         | \$ 138,200           |
| Receivables - licenses                       | 55,966                    |                         | 55,966               |
| Fixed assets                                 |                           | \$ 16,617               | 16,617               |
| <b>TOTAL ASSETS</b>                          | <b>\$ 194,166</b>         | <b>\$ 16,617</b>        | <b>\$ 210,783</b>    |
| <br><b>LIABILITIES AND FUND EQUITY</b>       |                           |                         |                      |
| <i>Liabilities:</i>                          |                           |                         |                      |
| Accounts payable                             | \$ 1,109                  |                         | \$ 1,109             |
| Total Liabilities                            | 1,109                     |                         | 1,109                |
| <i>Fund Equity:</i>                          |                           |                         |                      |
| Investment in general fixed assets           |                           | 16,617                  | 16,617               |
| Fund balances -<br>Unreserved - undesignated | 193,057                   |                         | 193,057              |
| Total Fund Equity                            | 193,057                   | 16,617                  | 209,674              |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>     | <b>\$ 194,166</b>         | <b>\$ 16,617</b>        | <b>\$ 210,783</b>    |

The accompanying notes are an integral part of this statement.

**LOUISIANA BOARD OF EXAMINERS FOR  
 SPEECH-LANGUAGE PATHOLOGY AND AUDIOLOGY  
 GOVERNMENTAL FUND TYPE - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 1998**

|  | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------|-------------------|--|
| <i>Revenues:</i>                         |                   |                   |  |
| Licenses, permits and fees               | \$ 152,850        | \$ 195,756        | \$ 42,906                              |
| Interest earnings                        | 1,000             | 2,364             | 1,364                                  |
| Other revenues                           | 7,500             | 15,532            | 8,032                                  |
| Total Revenues                           | 161,350           | 213,652           | 52,302                                 |
| <i>Expenditures:</i>                     |                   |                   |  |
| Current -                                |                   |                   |  |
| Salaries and benefits                    | 47,447            | 50,036            | (2,589)                                |
| Travel                                   | 38,000            | 28,890            | 9,110                                  |
| Operating services                       | 42,467            | 48,428            | (5,961)                                |
| Supplies                                 | 2,500             | 4,304             | (1,804)                                |
| Professional services                    | 26,250            | 17,376            | 8,874                                  |
| Capital outlays                          | 16,500            | 4,611             | 11,889                                 |
| Total Expenditures                       | 173,164           | 153,645           | 19,519                                 |
| <i>Excess of Revenues (Expenditures)</i> | (11,814)          | 60,007            | 71,821                                 |
| Fund Balance - July 1, 1997              | 133,050           | 133,050           |  |
| <b>FUND BALANCE - June 30, 1998</b>      | <b>\$ 121,236</b> | <b>\$ 193,057</b> | <b>\$ 71,821</b>                       |

The accompanying notes are an integral part of this statement.

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

**NOTE 1 - INTRODUCTION**

The Louisiana Board of Examiners for Speech-Language Pathology and Audiology was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:2651-2665. The Board is under the control of the Department of Health and Hospitals and a component unit of the State of Louisiana and is an integral part of such reporting entity. The Board was established to safeguard the public health, safety and welfare of the people of this state against unauthorized, unqualified, and improper practice of social work. The board is composed of six (6) members appointed by the Governor of Louisiana, who serve without compensation for three (3) year terms. Board members are selected from a list compiled by the Louisiana Speech and Haring Association, which receives names from all licensed speech pathologists and audiologists in the state. Board members are reimbursed actual travel expenses as authorized by Louisiana Revised Statute 37:3444(D). The Board's operations are funded entirely through annual self-generated revenues.

The Board shares office space, in Baton Rouge, Louisiana, and staff personnel with the Louisiana Board of Board Certified Social Work Examiners and the Louisiana Board of Examiners in Dietetics and Nutrition.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The Louisiana State Board of Board Certified Social Work Examiners prepares its financial statements in accordance with the standards established by the GASB.

*Reporting Entity*

GASB Codification Section 2100 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the State of Louisiana. The Louisiana Board of Examiners for Speech-Language Pathology and Audiology is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

the board members, and public service is rendered within the state's boundaries. The accompanying general purpose financial statements present information only as to the transactions of the Louisiana Board of Examiners for Speech-Language Pathology and Audiology, a component unit of the State of Louisiana.

Annually the State of Louisiana issues a general purpose financial statement which includes the activity contained in the accompanying financial statement. The general purpose financial statement is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

*Fund Accounting*

The accounts of the Louisiana Board of Examiners for Speech-Language Pathology and Audiology are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Revenues are accounted for in these funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the accompanying financial statements are described as follows:

*General Fund*

The General Fund is the general operating fund of the Board and is classified as a governmental fund. It accounts for the Board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

*Account Groups*

The Board has one account group which is not a "fund". It is concerned only with the measurement of financial position, not with measurement of results of operations. Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds.

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

*Basis of Accounting*

Basis of accounting refers to when revenues and expenditures, or expenses as appropriate, are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

*Revenues*

Licenses and fees are recorded in the year these revenues are received. Licenses are renewed annually by June 30 of each year. Delinquent requests for renewals are accepted through July 31 provided the delinquent renewal fee is paid.

Interest income is recorded when received.

Substantially all other revenues are recorded when they become available.

*Expenditures*

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual and sick leave, which is recognized when paid.

*Budget Practices*

The Board prepares its budget on the modified accrual basis of accounting and all appropriations contained in the budget lapse at year end.

The proposed budgets are prepared by the administrator, adopted by the Board, and made available to the Department of Health and Hospitals by January 1<sup>st</sup> of each year in compliance with Louisiana Revised Statute 39:1334 and 1335. Budget amendments require the approval of the board. Budgeted amounts included in the accompanying financial statements include the original adopted budget. Formal budget integration is employed as a management control device during the year.

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

Encumbrances

Encumbrance accounting is used when purchase orders are recorded in order to reserve that portion of the applicable appropriation. The Board does not follow the encumbrance method of accounting.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash, demand deposits, and certificates of deposit at year end. Under state law, the Board may deposit funds with a bank organized under Louisiana law or of any other state of the United States, or under the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Inventories

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

Fixed Assets

Fixed assets are recorded as expenditures at the time purchased and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Compensated Absences

The Board does not compensate its employees for vacation or sick leave.

Fund Equity

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Reservations and designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

Total Column on Balance Sheet

Total columns on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE 3 - CASH, CASH EQUIVALENTS and INVESTMENTS**

At June 30, 1999 and 1998, the Board has cash and cash equivalents (book balances) totaling \$95,784 and \$138,200, respectively, in demand deposits. Investments in certificates of deposit at June 30, 1999 amount to \$40,000.

These deposits and investments are stated at cost, which approximates market. Under state law, these deposits and investments (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

At June 30, 1999, the Board has collected bank balances as follows:

|                               | Cash and<br>Equivalents | Investments | Total       |
|-------------------------------|-------------------------|-------------|-------------|
| Demand deposits               | \$ 79,472               | \$ 0        | \$ 79,472   |
| Certificates of deposit       |                         | 40,000      | 40,000      |
| Total Collected Bank Balances | 79,472                  | 40,000      | 119,472     |
| Insured (FDIC)                | 79,472                  | 40,000      | 119,472     |
| Unsecured                     | <u>\$ 0</u>             | <u>\$ 0</u> | <u>\$ 0</u> |

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets composed of furniture and office equipment follows:

|                        |    |        |
|------------------------|----|--------|
| Balance, July 1, 1997  | \$ | 14,393 |
| Additions              |    | 2,224  |
| Deletions              |    | 0      |
|                        |    | 16,617 |
| Balance, June 30, 1998 |    | 16,617 |
| Additions              |    | 3,126  |
| Deletions              |    | 0      |
|                        |    | 19,743 |
| Balance, June 30, 1999 | \$ | 19,743 |

**NOTE 5 - PENSION PLAN**

The majority of employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service. The System also provides death and disability benefits. Benefits are established by state statute. The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P. O. Box 44213; Baton Rouge, LA 70804.

In addition to the employee contribution withheld at 7.5% of gross salary, the Board contributes an additional percentage of gross salary to the System (13% from July 1, 1997 to June 30, 1998 and 12.4% from July 1, 1998 to June 30, 1999). Contributions to the System during fiscal years ended June 30, 1999 and 1998 were funded through employee and employer contributions of \$6,124 and \$3,711, respectively. The total payroll of the Board, fully covered by the system, was \$29,873 and

**LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998**

\$18,102, respectively for the fiscal years ended June 30, 1999 and 1998. Under present statutes, the Board does not guarantee any of the benefits granted by the system.

**NOTE 6 - LEASES**

The Board, jointly with Louisiana State Board of Examiners in Speech-Language Pathology and Audiology and Louisiana State Board of Examiners in Dietetic and Nutrition, share office space under an operating lease on a monthly basis of \$1,666 per month which expires on May 31, 2001.

The Board's share is one-third (1/3) or \$555 per month. Rent expenditure for the years ended June 30, 1999 and 1998 was \$6,664 and \$6,664, respectively.

Future minimum lease payments under this lease are as follows:

| Year Ending<br>June 30, | Amount   |
|-------------------------|----------|
| 2000                    | \$ 6,664 |
| 2001                    | 6,109    |

Since the payment schedule is considered systematic and rational under GASB Statement No. 13, rental expenditure is based on the relevant lease agreement and not in accordance with lease terms as required by GASB Statement No. 13.

**NOTE 7 - LITIGATION AND CLAIMS**

There were no judgments, claims or similar contingencies pending against the Board at June 30, 1999 and 1998.

**NOTE 8 - FEDERAL FINANCIAL ASSISTANCE**

The Board received no federal funds during the fiscal years ended June 30, 1999 and 1998.

**LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998**

**NOTE 9 - COMPENSATION PAID TO BOARD MEMBERS**

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members serve without compensation as provided by Louisiana Revised Statute 37:2654 (H).

**NOTE 10 - OTHER MATTERS**

As mentioned in Note 6 - Leases, the Board shares office space with two (2) state boards. These three (3) boards also share employees as well as certain office expenditures, such as janitorial, security, copy machine and utilities. Salaries are allocated to each of the three (3) boards based on actual time spent for each board.

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**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

# George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT  
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Member  
AMERICAN INSTITUTE OF CPAs  
LOUISIANA SOCIETY OF CPAs  
GOVERNMENT FINANCE  
OFFICERS ASSOCIATION

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board Members of  
Louisiana Board of Examiners for  
Speech-Language Pathology and Audiology  
Department of Health and Hospitals  
State of Louisiana  
Baton Rouge, Louisiana

I have audited the general purpose financial statements of the LOUISIANA BOARD OF EXAMINERS FOR SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY, a component unit of the State of Louisiana, as of and for the years ended June 30, 1999 and 1998, and have issued my report thereon dated September 29, 1999. I conducted my audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

### *Compliance*

As part of obtaining reasonable assurance about whether the Louisiana Board of Examiners for Speech Language Pathology and Audiology's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed five instances of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 99-1, 99-2, 99-3, 99-4, and 99-5.

## *Internal Control Over Financial Reporting*

In planning and performing my audit, I considered the Louisiana Board of Examiners for Speech Language Pathology and Audiology's internal control over financial reporting to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Louisiana Board of Examiners for Speech Language Pathology and Audiology's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 99-3, 99-4, 99-5, and 99-6.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of the Louisiana Board of Examiners for Speech Language Pathology and Audiology's and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate officials.

*George F. Delaune, CPA*

September 29, 1999

LOUISIANA BOARD OF EXAMINERS FOR  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY  
SCHEDULE OF FINDINGS  
YEARS ENDED JUNE 30, 1999 AND 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Louisiana Board of Examiners for Speech Language Pathology and Audiology.
2. Six reportable conditions were disclosed during the audit of the general purpose financial statements.
3. Five instances of noncompliance which are considered nonmaterial to the general purpose financial statements of Louisiana Board of Examiners for Speech Language Pathology and Audiology were disclosed during the audit.
4. There were no federal awards received by Louisiana Board of Examiners for Speech Language Pathology and Audiology.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

*Noncompliance*

99-1 Fiscal Agent

*Condition:* The agency could not produce a current fiscal agent agreement.

*Criteria:* State law requires all agencies to negotiate a fiscal agent contract with a bank for the depository of funds.

*Effect:* Violation of state law.

*Cause:* The Administrator was not aware of this requirement.

*Recommendation:* The Board should seek proposals from local banks in accordance with the Interim Emergency Board regulations.

*Response:* Management concurred with the recommendation and will seek proposals from local banks for the depository of agency funds.

## *Noncompliance*

### **99-2 Investment Policy**

*Condition:* The agency has not adopted an investment policy.

*Criteria:* Act No. 374 of the 1995 Regular Session of the Legislature required all agencies to adopt an investment policy to regulate the investment of idle funds.

*Effect:* Violation of state law.

*Cause:* The Administrator was not aware of this requirement.

*Recommendation:* The Board should adopt an investment policy as required by state law.

*Response:* Management concurred with the recommendation and will adopt an investment policy that complies with Act No. 374.

## *Noncompliance and Internal Control*

### **99-3 Budget Monitoring**

*Condition:* Expenditures for the fiscal year ended June 30, 1999 exceeded budgeted expenditures by 15.81%.

*Criteria:* Louisiana Revised Statute 39:1338 requires the agency to adjust the budgets when revenues or expenditures increase or decrease by 5% from the prior submitted budget.

*Effect:* Violation of state law.

*Cause:* The Administrator was not aware of this requirement.

*Recommendation:* The Board should establish procedures that will monitor the budget on a quarterly basis and amend the budget when required by LRS 39:1338.

*Response:* Management concurred with the recommendation and will establish procedures to monitor and amend the budget when required by LRS 39:1338.

## *Noncompliance and Internal Control*

### **99-4 Sales Tax Paid on Invoices**

*Condition:* During the years covered by my audit, the Board paid sales tax on invoices for supplies and materials. The amount paid could not be determined.

*Criteria:* Under State and Local Sales Tax Regulations, all governmental agencies are exempt from the payment of sales taxes.

*Effect:* Over expenditure of funds.

*Cause:* Internal control procedures were not sufficient to prevent the payment of sales taxes included with invoices for supplies and materials.

*Recommendation:* The Board should cease paying sales taxes on invoices and should modify their procedures that would require deducting the sales tax from the invoice and notifying the vendor of the exemption.

*Response:* Management concurred with the recommendation and will cease paying sales taxes.

## *Noncompliance and Internal Control*

### **99-5 State Travel Regulations**

*Condition:* My audit of travel reimbursements found the following irregularities:

- Claims filed after 30 days
- Mileage not supported by odometer readings and miles in excess of "Travel Mileage" table
- Insufficient documentation/explanation to support expenses claimed
- Without sufficient detail, some expenses do not appear to be reasonable

*Criteria:* Policy and Procedure Memorandum 49 (PPM 49) establishes guidelines that should be followed by all state agencies.

*Effect:* Violation of state travel regulations.

*Cause:* Internal controls were insufficient.

*Recommendation:* The Board should adopt a strict policy and establish procedures for board members, employees, and others who submit expenses for reimbursement that follow all requirements of the PPM 49.

*Response:* Management concurred with the recommendation and will correct its procedures to have reimbursements completed in accordance with PPM 49.

### *Internal Control*

#### 99-6 Accounting System

*Condition:* The agency has contracted with an accountant to record its accounting transactions, complete financial statements, complete payroll returns, and reconcile bank accounts on a quarterly basis. In addition, the accountant completes other financial forms as requested which includes the Annual Financial Report to Office of Statewide Reporting.

During my examination, I made the following adjustments:

- Recorded receipts at year end, even though the deposit was dated in June.
- Fixed asset acquisitions were recorded on the Balance Sheet; consequently, expenditures had to be adjusted.
- Several reclassifications were made because of posting errors to wrong line items.

The entries made by the accountant on quarterly basis did not date the transactions to reflect the date of the transactions; instead most of the transactions were dated as of the end of the quarter.

When I asked the administrator if she reviewed the general ledger on a quarterly basis, she stated that she was not provided one by the accountant and did not realize the importance of obtaining one.

*Criteria:* State law requires all agencies to maintain accounting records that enable government officials to make proper decisions concerning operations and projections.

*Effect:* Violation of state law and improper dating made my examination of transactions time consuming.

*Cause:* The Administrator was not aware of these problems or deficiencies.

*Recommendation:* Upon my suggestion, the administrator has purchased QuickBooks to perform in-house posting of transactions. Since the administrator is

also administrator to two other boards within the same office, it is my recommendation that the three boards consider hiring an employee qualified as an accountant to perform all daily accounting functions. Then hire an outside accountant on a quarterly basis to review these daily transactions postings and give advice to the administrator and boards.

*Response:* Management will consider this recommendation and make a decision at a later date.



LOUISIANA  
BOARD OF EXAMINERS  
for  
SPEECH LANGUAGE PATHOLOGY AND AUDIOLOGY



CORRECTIVE ACTION PLAN

September 29, 1999

Legislative Auditor  
State of Louisiana

Louisiana Board of Examiners for Speech-Language Pathology and Audiology respectfully submits the following corrective action plan for the years ended June 30, 1999 and 1998.

Name and address of independent public accounting firm: George F. Delaune, CPA, APC; 7663 Anchor Drive; Ventress, LA 70783-4120.

Audit period: July 1, 1997 to June 30, 1999

The finding from the June 30, 1999 and 1998, schedule of findings are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

**B. FINDINGS--FINANCIAL STATEMENTS AUDIT**

*Noncompliance*

**99-1 Fiscal Agent**

*Recommendation:* The Board should seek proposals from local banks in accordance with the Interim Emergency Board regulations.

*Action Taken:* With the assistance of the auditor, we are preparing the requests for proposal for a fiscal agent.

## *Noncompliance*

### **99-2 Investment Policy**

*Recommendation:* The Board should adopt an investment policy as required by state law.

*Action Taken:* With the assistance of the auditor, we are drafting an investment policy that will comply with Act No. 374.

## *Noncompliance and Internal Control*

### **99-3 Budget Monitoring**

*Recommendation:* The Board should establish procedures that will monitor the budget on a quarterly basis and amend the budget when required by LRS 39:1338.

*Action Taken:* We have established new procedures to monitor and amend the budget when required by LRS 39:1338.

## *Noncompliance and Internal Control*

### **99-4 Sales Tax Paid on Invoices**

*Recommendation:* The Board should cease paying sales taxes on invoices and should modify their procedures that would require deducting the sales tax from the invoice and notifying the vendor of the exemption.

*Action Taken:* We have established new procedures and have drafted a letter to notify vendors who charge the agency sales tax of the agency's exemption.

## *Noncompliance and Internal Control*

### **99-5 State Travel Regulations**

*Recommendation:* The Board should adopt a strict policy and establish procedures for board members, employees, and others who submit expenses for reimbursement that follow all requirements of the PPM 49.

*Action Taken:* We are establishing new procedures and have given all board members and employees new guidance on completing and documenting reimbursements requests.

### *Internal Control*

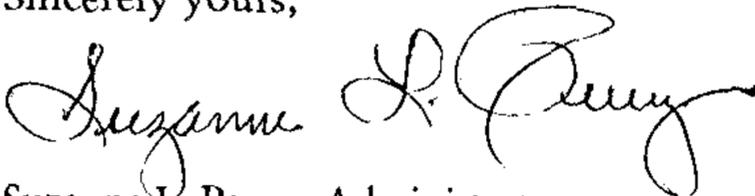
#### 99-6 Accounting System

*Recommendation:* Upon my suggestion, the administrator has purchased QuickBooks to perform in-house posting of transactions. Since the administrator is also administrator to two other boards within the same office, it is my recommendation that the three boards consider hiring an employee qualified as an accountant to perform all daily accounting functions. Then hire an outside accountant on a quarterly basis to review these daily transactions postings and give advice to the administrator and boards.

*Action Taken:* We have taken this recommendation under consideration and will make a decision at a later date.

If the Legislative Auditor has questions regarding this plan, please call Suzanne L. Pevey, Administrator at (225) 763-5480.

Sincerely yours,



Suzanne L. Pevey, Administrator